EUROZINC
MINING CORPORATION

ANNUAL REPORT 2003

2003 HIGHLIGHTS

- Technical review, definitive purchase agreement signed, and € 10 Million deposit made with owners of Somincor's Neves Corvo copper mine in Portugal.
- Neves Corvo is a producing world-class base metal mine with 10 years of high quality copper reserves, however, when inferred copper resources are upgraded to reserves through additional drilling the mine life is expected to be much longer. The mine also has significant zinc resources that could extend the mine life.
- Aljustrel Feasibility Study — June 2000 by Steffen Robertson Kirsten (Canada) Inc. was updated with current capital costs, operating costs, treatment charges and metal price forecasts, and exchange rates. The update confirms the economic viability of the Aljustrel Project and using a long-term zinc price of US$ 0.50 per pound the project has an Internal Rate of Return of 25.9 %.
- A number of programs were initiated at Aljustrel in anticipation of the zinc price recovering sometime in 2004 or 2005. These include:
    - Detailed engineering required for upgrades to the mill necessary to increase production to 1.8 Mtpa.
    - Underground definition drill program at Moinho to upgrade indicated resource to the measured category for detailed stope planning is scheduled to start the second quarter of 2004. Zinc ore from these stopes will be used in the first two years of operation while higher-grade zinc mineralization is developed at Feitais.
- Raised C$ 118 million in equity financing to fund the acquisition of Neves Corvo and on-going costs at Aljustrel.

2004 OBJECTIVES

- Complete acquisition and assume management of Neves Corvo copper mine.
- Finance and develop Aljustrel project in anticipation of zinc price recovery.
- Realize synergies between Neves Corvo and Aljustrel project.
- Meet budget production and financial targets.

EuroZinc Mining Corporation is a Canadian based international mining company with significant reserves in copper, lead, zinc and silver. Subject to closing of the acquisition of Somincor's Neves Corvo copper mine, EuroZinc will be elevated to a mid-tier status diversified base metals producer. EuroZinc's long-term strategy is to grow by expansion and exploration around their existing mines and acquisition of new projects that satisfy the company's financial thresholds. EuroZinc's common shares are traded on the Toronto Venture Exchange.

Town of Aljustrel

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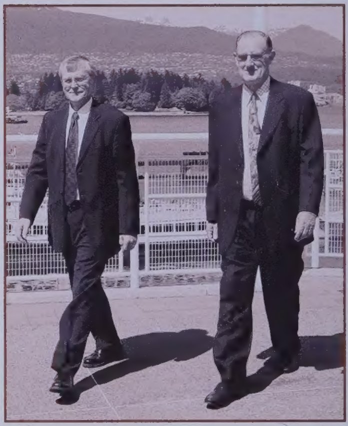
2003 was similar to many recent years for EuroZinc – another year of preparing for the future – however, this particular year EuroZinc was not simply waiting for zinc prices to recover to be able to bring Aljustrel into production. Much of the year was spent preparing for the anticipated announcement of the sale of the Neves Corvo mine.



The announcement of the tender process was made in November, which set in motion a series of developments for the Company that have transformed it in a relatively short – but exciting – period of time.

When we became aware that Somincor S.A., the company that owns the Neves Corvo copper mine in Portugal, was going to be sold jointly by the owners, the government of Portugal and the Rio Tinto Group, we immediately began to evaluate the potential for EuroZinc to purchase the mine and how we might finance that acquisition. When the tight formal tender process was finally announced on November 18, with bids to be submitted by January 18, 2004, we were fully prepared to move our due diligence team in and had a financing plan in the event that we decided to submit a bid.

The "Neves Corvo team" did a tremendous job of evaluating a lot of information and putting together all of the required documents to be able to submit a bid in a very short period of time, largely over the Christmas period. It appeared obvious even before going through the due diligence process that the Neves Corvo mine is a valuable asset and it is an excellent fit for EuroZinc in light of the Company's history in Portugal and ownership of the Aljustrel zinc mine a short distance away. The thorough due diligence did not change this evaluation and we decided to submit what we believed to be a reasonable, conforming bid of 128 million Euros for the asset, despite some concerns about the strengthening Euro, which was affecting the bid price as well as the operating costs of the mine.

As a result of the tight time frame, the conditions required to make a bid, and the strength of the Euro, among the several groups that went through the due diligence process, the Company's bid was the only one submitted by January 18. Empresa de Desenvolvimento Mineiro, SGPS, S.A. ("EDM"), the Portuguese government owned mining company, which is the 51% owner of the shares of Somincor, oversaw the sale process of the mine and the bid documents were reviewed by an independent jury, which recommended that EuroZinc's bid be accepted. We would like to thank EDM and their representatives for their strong vote of confidence in EuroZinc. We are well aware of the importance of the Neves Corvo mine to Portugal, and in particular to the Alentejo region, and know the decision was not made lightly.

Fortunately, about the time that the sale of Somincor was announced, metal prices in the world began a dramatic improvement. We were able through a series of three financings between December, 2003 and April, 2004, all of which

were led by Paradigm Capital Inc., and included Pacific International Securities Inc., to raise approximately C$ 118 million in equity for the purchase of Neves Corvo and to begin the process of bringing Aljustrel into production. The third financing was co-led by Haywood Securities Inc. and also included Orion Securities Inc. We would like to thank all of the firms that participated in these financings for their strong support and their professionalism, for there is no doubt that EuroZinc's bid for Neves Corvo would not have been successful if that equity money had not been raised. In conjunction with the Company's first equity financing in December, 2003, a total of approximately C$ 19 million in convertible loans held by the Resource Capital Funds was converted to equity, which together with the equity funds raised, has transformed the Company's balance sheet. Again we would like to thank Resource Capital Funds for supporting us through a prolonged "down period" in the metals cycle and for agreeing to convert the loans at a critical stage. The conversion permitted the Company to raise the equity money required and the effect on the balance sheet helped ensure the success of the bid for Neves Corvo.

As of the date of this letter, we are in the process of putting together the debt portion of the financing required for the purchase of Neves Corvo, with the required equity funds in escrow, working toward an early June completion of the purchase. We have also initiated the detailed engineering work required to upgrade the Aljustrel mill to allow for the start-up of the mine there and to be able to receive zinc ore from Neves Corvo when it becomes available, expected to be in 2005. It has been a demanding – but very exciting – period in the Company's history that will in the end lead to us achieving our long stated objective of becoming a significant and successful mid-tier, diversified metals mining company. There are a number of groups that have been key to the success of EuroZinc to this point and we have thanked a few of them, EDM and the government of Portugal, the firms that arranged the financings, and Resource Capital Funds; of course we must also thank the EuroZinc employees – who are finally being rewarded – and our professional advisors, both in North America and Europe, for their tremendous efforts to get the Company to this stage. We would also like to thank the EuroZinc shareholders, both new and old, for their support, which again has been crucial to the ability of the Company to reach this stage. It has been a rewarding year, and more than ever we are happy to say, we are looking forward to the future. ▲

ON BEHALF OF THE BOARD

J.E. (Ted) Fletcher
Chairman

Alvin W. Jackson
President

Overview

EuroZinc will soon make the transition from an exploration company to a mid tier diversified base metals producer with the successful acquisition of the Neves Corvo mine and by putting into production the nearby Aljustrel mine in southern Portugal. EuroZinc believes that common ownership of the Neves Corvo and Aljustrel mines will result in significant synergies and benefits for both operations.

Historic ore cart wheel

The last year was a year of cautious optimism for the company after several years of low metal prices and a depressed world economy. The year began with increasing metal prices, robust stock markets, and culminated with the signing of the definitive agreement for the purchase of the Neves Corvo copper mine in early 2004. The purchase agreement was signed with owners of the mine, Empresa de Desenvolvimento Mineiro, SGPS, S.A. (EDM) and Rio Tinto Group (RTZ) on March 4, 2004. The acquisition must close within ninety days of this date.

Under the terms of the agreement, EuroZinc will purchase 100 % of the outstanding shares of the operating company, Somincor S.A., for a total price of € 128 million and will be obligated to settle outstanding debts and shareholder loans on closing totaling € 27.6 million. However, Somincor has been restricted from paying dividends to its current owners since Dec. 31, 2002 and as a result, cash generated from the mine during this period of high copper prices will remain in Somincor up to and including the date of closing of the acquisition. The company is arranging the necessary financing for this acquisition, which will be through a combination of debt, equity and proceeds from prepayment for copper concentrates.

Neves Corvo is an underground mine that has been a significant producer of copper since opening in 1989. Since the start of production, the mine has produced a total of 1.8 million tonnes of copper metal and in the year 2003 produced approximately 80,000 tonnes of copper metal. The mine also produced tin since 1989, however, continuous tin production ceased in 2003 due to a reduction in available tin ore. When tin ore is available, it is currently stockpiled and processed through the tin plant on a campaign basis. The current plan for the mine allows for another ten years of copper production, but it is expected that copper production can be extended well beyond that time with additional drilling. In addition, the project has significant zinc resources that can be brought on stream in the future as zinc prices dictate. The current capacity of the copper mill on site is approximately 1.85 million tonnes of ore per annum, and there is additional capacity of 0.40 million tonnes in the copper/tin plant.

The company's essentially 100 % owned Aljustrel mine and surrounding Malhadinha exploration concession overlies five polymetallic base metal deposits. Two of these deposits, Feitais and Moinho, were the focus of a bankable feasibility study by Steffen Robertson and Kirsten (Canada) Inc. in June

2000 that was subsequently updated in February 2001. The Aljustrel mine is fully permitted and includes modern mill facilities, underground development, offices, machine shops, stocked warehouses, and use of a dedicated port facility. Many of these facilities were developed in the early 1990's at a price of US$ 160 million when the state-owned mining company, Pirites Alentejanas, S.A. (PA), converted the operation from a producer of pyrite to a producer of copper, lead, zinc and silver.

The company recently updated the capital costs, operating costs, forecasted metal prices and treatment charges, and currency exchange rates which shows the project has robust economics with an internal rate of return of 25.9 % over a 10 year mine life using a long term zinc price of US$ 0.50/lb. The company is currently completing detailed engineering required for upgrades to the mill and plans to arrange the necessary financing estimated at approximately US$ 45 million (net of grants, interest free loans and cash flow from operations) in place by the end of 2004.

IBERIAN PYRITE BELT

The Neves Corvo and Aljustrel mines are located within the western section of the Iberian Pyrite Belt (IPB) that extends from Seville in Spain to south of Lisbon in Portugal. The 250 km long and 25-70 km wide belt is a major metallogenic province and host to some of the largest volcanogenic massive sulphide deposits (VMS) in the world.

Characteristics of the belt include:

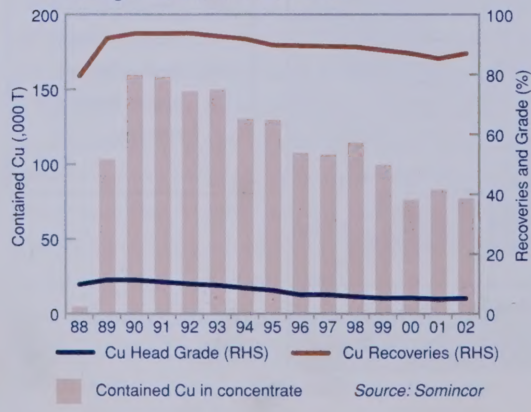
- Largest VMS province in the world in terms of contained zinc and copper.
- Contains 85 VMS deposits containing a bulk tonnage in excess of 1,700 Mt.
- Seven of these deposits are in excess of 100 Mt, which include Neves Corvo and Aljustrel. ▲

Iberian Pyrite Belt

Neves Corvo is an underground polymetallic base metal mine located 40 km south of EuroZinc's Aljustrel mine. It is one of the largest and highest grade massive sulphide deposits in the world that was discovered in 1977, put into production in 1989 and has operated continuously since that time. Mine production peaked at 2.3 Mtpa in 1998 and is currently 1.8 Mtpa. Annual production of copper in concentrates is currently around 80,000 tpa.

Five massive sulphide deposits have been defined at Neves Corvo and include Neves, Graça, Corvo, Zambujal and Lombador. The deposits exhibit a strong metal zonation with segregation of base metals into ores of copper, tin, and zinc, as well as barren massive pyrite. Graça was the focus of initial mining and is now largely mined out. Today, copper production is primarily from Neves and Corvo with Zambujal and Lombador still at the exploration stage. Zinc resources, identified at all of these deposits, are currently undergoing metallurgical test work to determine the optimal grinding and flotation parameters.

Neves Corvo copper production, head grades and mill recoveries



Source: Somincor

Resources at the start of 2003 are shown in the Tables below. It is important to note, that over the years since the start of mining, exploration has been successful in replacing production with new resources. The mine started production with a copper resource of approximately 30 Mt, while approximately 22 Mt have been mined since then, and the resource base today is of similar magnitude, as seen in the table below.

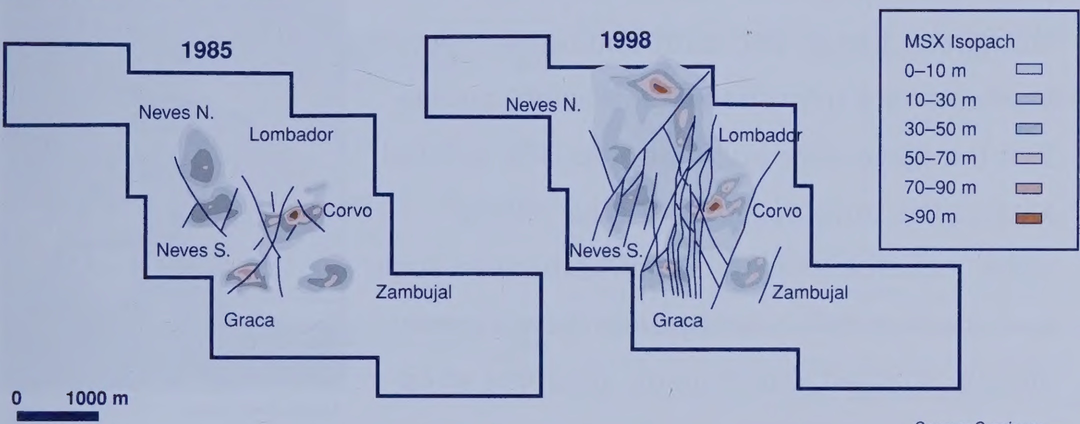
Copper Resources (2 % copper cut-off)

Classification	Tonnes (millions)	Copper %
Measured	22.23	5.65
Indicated	0.84	4.40
Total	23.07	5.60
Inferred	7.55	4.03

Tin Resources (1 % tin cut-off)

Classification	Tonnes (millions)	Copper %	Tin %
Measured	1.54	9.84	2.33
Indicated	0.06	6.83	1.71
Total	1.60	9.56	2.27

Resources in 1985 and 1998



Source: Somincor

Zinc Resources (3.3 % zinc cut-off)

Classification	Tonnes (millions)	Copper %	Lead %	Zinc %	Silver g/t
Indicated	26.18	0.58	1.25	6.40	62.48
Inferred	24.17	0.41	1.40	5.55	62.05

Copper reserves (Jan. 2004) derived from the above resources are shown in the Table below. The zinc resources have not had sufficient metallurgical test work so that they can be converted to a reserve, however, preliminary test work indicates favorable recoveries and concentrate grades to produce a marketable concentrate.

Copper Reserves

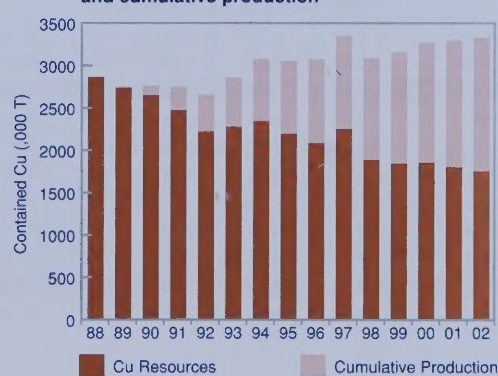
Classification	Tonnes	Copper %
Proven	18.77	5.07
Probable	0.48	4.04
Total	19.25	5.04

The deposits are located 230 to 700 metres below surface and are accessed by a decline from surface. Ore is hoisted to the surface in a shaft with a rated capacity of 3 Mtpa. The deposits are mined by either Drift and Fill or Bench and Fill depending on the orebody geometry, dimensions and grade, as well as rock mechanic considerations. Backfill is provided from tailings or sand from a quarry.

Currently, only copper concentrates are produced using conventional crushing, grinding and flotation. Concentrates are transported by rail to the port of Setubál, south of Lisbon, for shipping to smelters around the world. The bulk of copper concentrates are sold under long-term contracts to smelters in Finland, Germany, Spain and Canada.

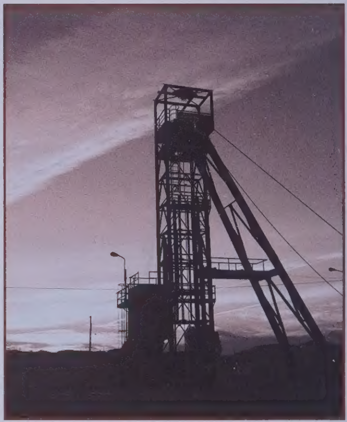
The mine employs 765 people and is the largest employer in the Alentejo region of southern Portugal. It accounts for 90 % of Portugal's mineral production by value and is the largest producer of copper in the European Union. ▲

Neves Corvo resources and cumulative production



Source: Somincor

EuroZinc's Aljustrel Project, which includes the Mining Lease and surrounding Malhadinha Exploration Concession, covers 5 of the 6 massive sulphide deposits located around the town of Aljustrel. The mining lease includes associated infrastructure such as a modern mill, underground development, offices, stocked warehouses, machine shop and use of a dedicated port storage facility.



Algares head frame

The deposits were the focus of a bankable feasibility study by EuroZinc's independent consultants Steffen Robertson and Kirsten (Canada) Inc. in June 2000. Resources and reserves from that study are shown in the tables below.

Zinc Resources

Classification	Tonnes (millions)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)
Feitais deposit (4.5 % Zinc cut-off)					
Measured	0.74	5.32	0.18	1.62	52.21
Indicated	14.48	6.03	0.21	1.86	68.16
Total	15.22	6.00	0.21	1.85	67.38
Inferred	3.16	6.14	0.16	1.66	62.27
Moinho deposit (4 % Zinc cut-off)					
Measured	0.63	4.76	0.44	1.80	54.14
Indicated	2.61	4.84	0.53	1.88	55.04
Total	3.24	4.82	0.51	1.86	54.87
Inferred	2.67	4.54	0.58	1.81	52.92
Estação deposit (4 % Zinc cut-off)					
Inferred	14.2	5.20	0.22	1.64	49.47
Totals					
Measured	1.37	5.06	0.30	1.70	53.10
Indicated	17.09	5.85	0.26	1.86	66.16
Total	18.46	5.79	0.26	1.85	65.19
Inferred	20.03	5.26	0.26	1.67	51.59

Copper Resources

Feitais deposit (1.5 % Zinc cut-off)

Classification	Tonnes (millions)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)
Indicated	4.87	0.88	2.12	0.24	13.52
Inferred	1.87	0.70	2.13	0.18	10.43

Moinho Deposit (1.5 % copper cut-off)

Classification	Tonnes (millions)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)
Measured	0.26	1.26	1.82	0.40	20.33
Indicated	1.79	1.61	1.96	0.65	26.74
Total	2.05	1.57	1.94	0.62	25.92
Inferred	0.12	1.55	1.72	0.83	30.71
Totals					
Measured	0.26	1.26	1.82	0.40	20.33
Indicated	6.66	1.08	2.08	0.35	17.07
Total	6.92	1.08	2.07	0.35	17.20
Inferred	1.99	0.75	2.11	0.22	11.65

Zinc Reserves

Classification	Tonnes (millions)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)
		Feitais deposit			
Probable	12.2	5.67	0.22	1.77	64.15
		Moinho deposit			
Probable	2.2	4.49	0.54	1.82	53.95
		Total			
Probable	14.4	5.49	0.27	1.78	62.62

Copper Reserves

Classification	Tonnes (millions)	Zinc (%)	Copper (%)	Lead (%)	Silver (g/t)
		Feitais deposit			
Probable	1.61	0.97	2.16	0.26	14.26

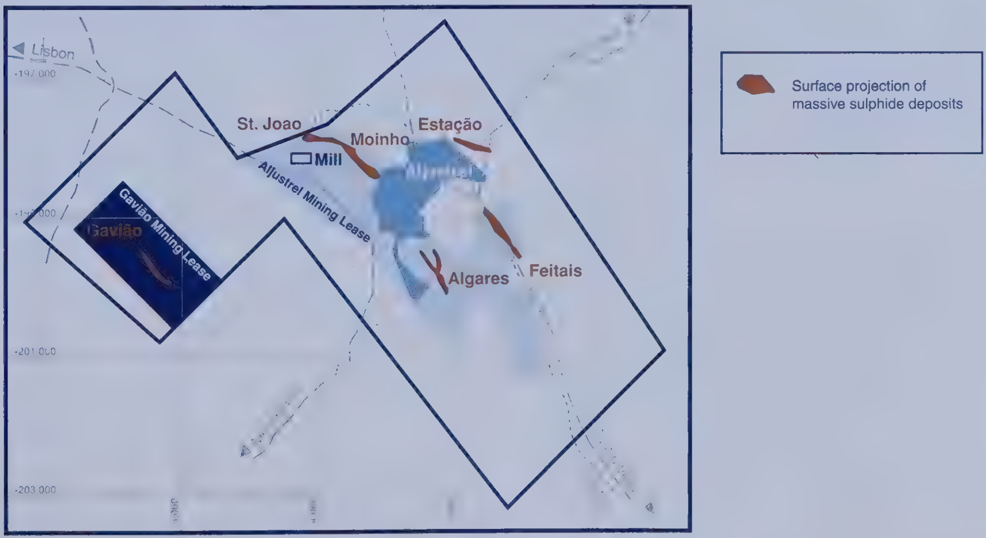
This study was recently updated (March 2004) to reflect new operating costs, capital costs, treatment charges and metal price forecasts, and currency exchange rates. The results from this work are summarized below and show the Aljustrel Project to be economically robust using a long-term zinc price of US$ 0.50 per pound.

- Project IRR: 25.9 %
- NPV @ 7 %: US$ 47.5 million
- Capital cost: US$ 86 million
- Capital payback: 3.5 years
- Average operating cost: US$ 19.24 per tonne milled
- Cash cost of payable zinc: US$ 0.35 per pound net of by-product credits
- Zinc production: Average 176 million pounds of zinc per year
- Minimum mine life: 10 years

Initial detailed engineering required for upgrades to the mill as well as an underground definition drill program at Moinho are expected to be completed in 2004. The balance of the financing for the capital expenditures required to put Aljustrel into production, estimated to be approximately US$ 45 million (net of grants, interest-free loans, and cash flow from operations) is targeted for completion in the latter part of 2004.

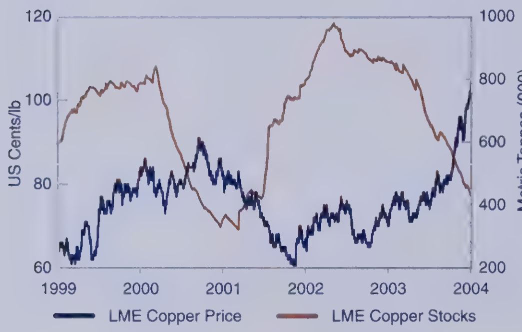
Exploration potential in the Aljustrel area is considered excellent with five of the six known deposits open at depth and along strike. Extensions to the deposits as well as upgrading of inferred resources to the indicated category will be part of an ongoing resource delineation program once the mine is in production. This program is expected to add significantly to the current resource, and will ultimately allow the Aljustrel mine to far exceed its currently defined 10-year mine life. ▲

Aljustrel Mining Lease and Malhadinha Exploration Concession



COPPER

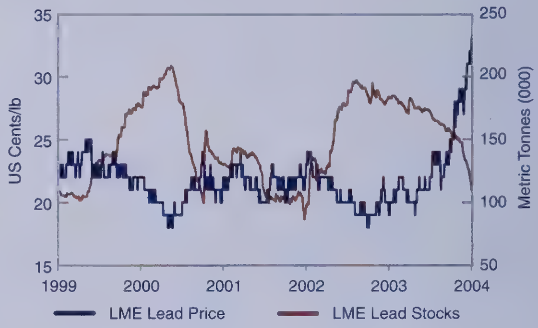
Demand for copper in 2004 is expected to outstrip supply as a result of the economic recovery in the United States and Europe, combined with continued strong demand from China. LME prices in 2003 increased throughout the year from US$ 0.71/lb to US$ 1.05/lb. The price averaged US$ 0.81/lb in 2003, up 14 % from US$ 0.71/lb in 2004. LME inventories levels fell 425,750 tonnes ending the year at 430,525.



Mine closures and cut backs in recent years have caused a shortage of concentrate resulting in global cutbacks by refineries and falling refined production in the western world for the second consecutive year. This, combined with China's large import of refined copper has resulted in higher metal prices and tight concentrate supply. New mines expected to come on stream in the next few years are few and if the recovery of the western economy continues along with strong demand from China, suppliers of copper concentrate are expected to enjoy the current high prices for the next few years.

LEAD

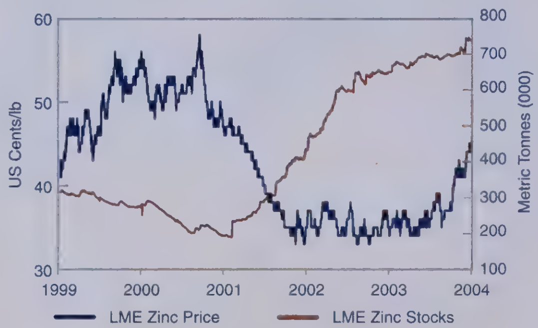
Demand for lead rose by 0.9 % worldwide in 2003 and is expected to be 2.4 % in 2004. Demand is expected to decline in both the United States and Europe in 2004, however, this is offset by growth of 10.5 % in China. China's rise in vehicle fleet, exports of car batteries and ongoing investment in the telecommunication and IT industries has resulted in this spectacular growth. LME prices in 2003 increased throughout the year from US$ 19/lb to US$ 34/lb. LME stockpiles fell by 74,750 tonnes to 108,975 tonnes during 2003. The market for refined lead metal in the Western World was close to balance in 2003 and is forecast to be in deficit in 2004.



ZINC

The outlook for zinc over the next year is expected to improve as a result of older mines shutting down due to depleted reserves, the lack of exploration over the last five years to identify new resources and falling zinc exports from China. LME prices in 2003 increased throughout the year from US$ 0.34/lb to US$ 0.45/lb. The average price in 2003 was US$ 0.38/lb, up 7 % from US$ 0.35/lb in 2002. LME stockpiles rose by 89,200 tonnes to 740,000 tonnes during 2003.

The zinc concentrate market is expected to remain tight and continue to put downward pressure on both refined production and treatment charges in 2004. Chinese zinc exports are expected to continue to decline in the next few years resulting in a draw down of LME inventories. ▲



OVERVIEW

EuroZinc Mining Corporation ("the Company") is a mine development and mineral exploration company. The Company's primary focus in 2003 (and since 1998) was the Aljustrel zinc mine in Portugal, which the Company acquired in December 2001. The mine continued to be on care and maintenance through 2003, although with the recent dramatic increase in the price of zinc, steps have been taken since year-end to start the process of bringing the mine into production. Throughout 2003 and subsequent to year-end, the Company also expended considerable time and effort toward the acquisition of the Neves Corvo copper mine, which is also located in Portugal and is in operation. EuroZinc's offer to acquire the mine was formally accepted by the current owners in February 2004.

The Company was also able to significantly strengthen its balance sheet in 2003. A total of approximately $8.7 million, net of costs, was raised in December 2003 through a private placement. Concurrently, US$12,659,235 of convertible debt was converted into equity of the Company. A stronger balance sheet was an important factor in the success of the bid for the Neves Corvo mine, and it also helped to raise additional equity financing subsequent to year-end.

ALJUSTREL ZINC MINE

The Company owns the Aljustrel mine through its Portuguese operating company, Pirites Alentejanas S.A., ("PA"). The Company acquired a 75.6% interest in PA in December of 2001 after completing a positive feasibility study in June 2000 for putting the Aljustrel mine into production; the study was updated in February 2001. The Company re-organized the capital structure of PA in 2002, which resulted in the Company's ownership of PA increasing to 99.6%. However, a production decision was deferred awaiting a recovery in the price of zinc. At the end of 2003 the price of zinc reached US$0.45 per pound for the first time since March 2001 (recovering from a low of approximately US$0.32 per pound), and subsequent to year-end the Company started the detailed engineering required to upgrade the Aljustrel mill. It is anticipated that the mill will be ready to receive zinc ore from both the Moinho deposit at Aljustrel and from Neves Corvo by the second half of 2005, subject to financing. The current estimate of the capital expenditures required to upgrade the mill is approximately US$22 million. Full development of the Feitais deposit and additional facilities will add approximately another US$25 million to that total (net of European Union grants and interest-free loans, and anticipated cash flow from operations at the Moinho deposit).

NEVES CORVO COPPER MINE

Although the tender process for the sale of the Neves Corvo mine was not formally announced until November 18, 2003, EuroZinc initiated its own informal due diligence of the mine and the potential synergies with the Aljustrel mine early in 2003. As a result the Company was relatively well prepared once the tender process was announced in November 2003. Formal due diligence was carried out in December 2003 and a bid was submitted, as required, by January 18, 2004. On February 23, 2004, EDM (51% owner) and RTZ (49% owner) announced that EuroZinc was the winning bidder for the mine. On March 4, 2004, definitive purchase agreements were signed and the Company paid the required non-refundable deposit of 10 million Euros (to be applied against the purchase price). The purchase of the mine is scheduled to close by June 2, 2004. As of December 31, 2003 the Company had incurred $1,076,923 in costs, largely for professional and consulting fees and travel, related to the acquisition of Neves Corvo.

Under the terms of the purchase agreements, EuroZinc will pay 128 million Euros for all of the issued and outstanding shares of Somincor, S.A., the Portuguese company that owns the Neves Corvo mine. The Company will assume the liabilities of Somincor, and as of the 2003 year-end there were 27.6 million Euros in loans to be retired upon the change of ownership. However, it is important to note that cash generated from the operation of the mine – which could be used to pay down debt – must remain in Somincor up to and including the date of closing of the acquisition. Finally, under a "price participation" clause in the purchase agreements, for a period of four years, EDM and RTZ will share equally with the Company, the marginal revenue from the sale of copper when the average price of copper, calculated quarterly, exceeds US$0.90 per pound for year one and US$0.95 per pound for years two, three and four.

Neves Corvo is an underground mine located 40 kilometers from the Aljustrel mine and has been a significant producer of copper since opening in 1989. Since its opening, the mine has produced a total of approximately 1.8 million tonnes of copper metal; in year 2003 it produced approximately 80,000 tonnes of copper metal. The current plan for the mine allows for another fifteen years of production, but it is expected that production can be extended beyond that time with additional drilling.

RESULTS OF OPERATIONS

The following discussion and analysis of the operating results, as well as the liquidity and capital resources of the Company, should be read in conjunction with the audited consolidated financial statements and the related notes and schedules. The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles and the reporting currency is the Canadian Dollar. Significant accounting policies are set out in Note 2 of the audited consolidated financial statements.

Net loss for 2003 decreased by $5,642,389 to $880,892 ($0.01 per share) for the year as compared to a net loss of $6,523,281 ($0.10 per share) in 2002. The decreased loss was due mainly to a foreign exchange gain of $2,569,458, and a $255,697 decrease in interest expense related to the accretion of convertible loans and long-term payables.

Development and Exploration Activities

Capitalized development costs incurred in 2003 were comparable to 2002 – a total of $4,428,277 in 2003, compared to a total of $4,487,886 incurred in 2002 – as a result of the care and maintenance status of the Aljustrel mine, which accounted for $4,421,492 of the 2003 total. Wages for the approximately eighty-two employees employed by PA, which are the most significant cost associated with the maintenance of the facility, increased slightly from $1,476,928 in 2002 to $1,660,071 in 2003 as a result of a small wage increase for unionized employees awarded at the end of 2002. All other categories of expenditures for the maintenance of the Aljustrel mine in 2003 did not vary by a material amount from the expenditure levels of 2002. It is expected, however, that development expenditures for Aljustrel will increase significantly in 2004 as work begins, subject to financing, on the approximately US$22 million in upgrades required for the mill.

Operating and Administration Expenses

Operating and administration expenses totalled $3,723,978 (after cost recoveries) in 2003, compared to a total of $4,073,262 in 2002. The decrease was due primarily to a $255,697 decrease in the interest recorded on accretion of the Company's convertible loans and long-term payables as a result of part of the loans having been fully accreted in 2002. The interest expense related to the accretion of convertible loans and long-term payables is intended to reflect the "financing" cost of these debt instruments and bring their fair value to face value over the term of the debt; it is not a cash expense. The actual interest expense increased in 2003, even though interest rates were lower in the year, as a result of the US$3,600,000 increase in the principal amount of the loan facilities. Most other operating and administration expenses either remained steady or decreased in 2003, as compared to the 2002 amounts, as staff levels and administrative demands remained level. With the anticipated acquisition of the Neves Corvo mine and the development of Aljustrel in 2004, it is expected that operating and administration costs, like development costs, will increase significantly.

Foreign Exchange Gains and Losses

The Company had a foreign exchange gain (unrealized) of $2,569,458 in 2003, as compared to a $2,326,172 loss in 2002. The significant change is a result of the Company's implementation of the new Canadian accounting standard on foreign currency translation whereby foreign exchange gains and losses on long-term debt associated with integrated foreign operations are no longer amortized over the term of the debt, but are charged to earnings in the period they arise. The revaluation of the convertible debt with the Resource Capital Funds at the time the debt was converted to equity caused the large gain as a result of the strength of the Canadian dollar relative to the U.S. dollar. Significant foreign exchange gains and losses are likely to continue to occur in the future as a result of the current volatility in exchanges rates between the Canadian dollar and the U.S. dollar and the Euro. The Company does not yet have a hedging policy to mitigate the impact of foreign currency fluctuations, but plans to implement one once the acquisition of Neves Corvo is complete. To date, the Company has adhered to a policy of simply maintaining funds in the required currencies – to the greatest extent possible – in the proportions historically expended to provide some protection against currency fluctuations.

LIQUIDITY AND CAPITAL RESOURCES

Operating Cash Flow

The total amount of cash used by the Company for its operating activities in 2003 was $927,056, after allowance for non-cash items and before changes to non-cash working capital items, compared to a cash outflow of $1,876,000 in 2002. The decrease in the 2003 total can be attributed to the smaller operating loss for the year, even after allowing for the effect of the unrealized foreign exchange gain. After allowing for changes in non-cash working capital accounts, the operating cash outflow of $1,475,646 in 2003 was comparable to the 2002 total of $1,504,521.

Investing Activities

The Company invested a total of $5,349,308 in 2003, of which $4,421,492 was again related to the capitalized costs associated with the maintenance of the Aljustrel mine. The annual investment required to maintain PA and the Aljustrel mine has been significant for a company such as EuroZinc that is not currently generating revenue from operations, but the Company has made the decision to move ahead with planning and engineering required to bring the mine into production as a result of the recent increase in the price of zinc and the expectation that the price will maintain current levels or better for an extended period of time. A total of $1,076,923 in costs related to the acquisition of the Neves Corvo were also capitalized on the basis that the Company was purchasing an operating mine.

Financing Activities

Financing activities totalled $12,045,517 during 2003. The Company raised a total of $8,685,788, net of expenses, through a private placement in December 2003, and a total of $991,000 from the exercise of share purchase warrants and stock options. A total of $5,177,870 was also raised through a series of convertible loan facilities negotiated with the Resource Capital Funds. These loans were converted into common shares of the Company in December 2003, concurrent with the private placement. Please refer to notes 7(a) and (b) of the consolidated financial statements for the conversion prices and exchange rates as they vary based on the amounts and dates of the advances.

Subsequent to year-end, the Company has closed two additional financings. The first financing, closed on February 6, 2004, was a brokered private placement of 75,000,000 special warrants at a price of $0.40 per warrant for gross proceeds of $30,000,000 (see note 13(a)). A portion of the proceeds from the financing was used for the 10 million Euro deposit required for the purchase of the Neves Corvo mine. The second financing, closed on April 5 and April 15, 2004, was a brokered private placement of a total of 130,800,000 special warrants at a price of $0.60 per warrant for gross proceeds of $78,480,000 (see note 13(c)). The proceeds from the financing are to be used for the acquisition of the Neves Corvo mine and are to be held in escrow until the closing of the acquisition, scheduled for early June 2004.

Cash Resources and Liquidity

As of December 31, 2003, the Company had positive working capital of $8,050,229, as compared to a working capital deficiency of $6,809,995 at December 31, 2002. The dramatic change in the Company's working capital position was a result of the private placement completed in December 2003 and the conversion of the outstanding convertible loans into equity. Proceeds of $2,790,000 from the share subscription receivable related to the December 2003 private placement were received in early January 2004. The proceeds from the subsequent two private placements in 2004, for gross proceeds of $30 million and $78,480,000, respectively, will provide the equity component of the financing required to fund the 128 million Euro (approximately Cdn$208 million) purchase price of the Neves Corvo mine. It is not anticipated that any additional equity financing will be required for the acquisition.

Long-term payables of $17,980,661 are all related to the purchase of EDM's interest in PA, and are contingent on the Aljustrel mine going into production (see note 8). The Company currently has no other debt as a result of the conversion of the convertible loans. However, it is anticipated that a minimum of approximately $130 million in project debt financing will be required for the purchase of the Neves Corvo mine and to provide working capital for the operation of the mine. Discussions are well advanced with several institutions to provide the required debt financing.

OUTLOOK

EuroZinc expects that with the closing of the acquisition of the Neves Corvo copper mine, scheduled for early June 2004, the Company will become a significant revenue producing mining company in 2004. The anticipated start-up of Aljustrel, scheduled for mid-2005 (subject to financing), and the development of the zinc resources at Neves Corvo, scheduled for early 2005, will add considerably to that revenue stream and will firmly establish EuroZinc as a mid-tier mining company. While there are no guarantees that the debt financing required for the purchase of Neves Corvo can be attained on favourable terms, or at all, we believe that the recent surge in base metal prices has improved our chances of obtaining the required financing, just as it has resulted in the large equity financings recently completed by the Company. EuroZinc will still be subject to metal price cycles and the volatility of foreign exchange rates – as are most mining companies – but the Company will endeavour to do whatever it considers prudent to manage the effects of factors out of its control. The scale of the Neves Corvo and Aljustrel operations and the synergies to be gained by having the two mines under common ownership, will undoubtedly help the Company to do that.

Management's Responsibility for Financial Reporting

The consolidated financial statements and all information in the Annual Report have been prepared by and are the responsibility of the management of the Company. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, using management's best estimates and judgments based on currently available information. When alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances.

The Company maintains an appropriate system of internal controls to provide reasonable assurance that financial information is accurate and reliable and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Audit Committee of the Board of Directors, consisting of three members, has met with management and the independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, Watson Dauphinee & Masuch, Chartered Accountants, were appointed by the shareholders to conduct an audit in accordance with Canadian generally accepted auditing standards and their report follows.

Alvin W. Jackson
President and Chief Operating Officer

Ron A. Ewing
Vice-President and Chief Financial Officer

Auditors' Report

To the Shareholders of:
EUROZINC MINING CORPORATION

We have audited the consolidated balance sheets of **EuroZinc Mining Corporation** as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied, after giving retroactive effect to the change in method of accounting for foreign currency translation as explained in note 2(d) to the consolidated financial statements, on a consistent basis.

Chartered Accountants

Vancouver, B.C., Canada
March 05, 2004, except as to note 13(c)
which is as of April 06, 2004

EUROZINC MINING CORPORATION

Consolidated Balance Sheets

As at December 31, 2003 and 2002 (Canadian $)

	2003 $	2002 $
ASSETS		
CURRENT		
Cash and Cash Equivalents	5,531,242	310,679
Accounts Receivable and Refundable Taxes	1,358,913	787,001
Share Subscription Receivable (Note 9)	2,790,000	–
Prepaid Expenses and Deposits	101,304	75,137
	9,781,459	1,172,817
Deferred Costs (Note 13(b))	1,076,923	–
Mineral Properties (Note 4)	34,977,683	30,549,406
Property, Plant and Equipment (Note 5)	8,028,725	8,164,699
	53,864,790	39,886,922
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	1,507,164	1,524,339
Current Portion of Capital Lease Obligations	6,708	17,771
Current Portion of Deferred Sales Contracts	217,358	199,177
Convertible Loans (Note 7(a))	–	6,241,525
	1,731,230	7,982,812
Capital Lease Obligations	16,435	24,513
Deferred Sales Contracts (Note 6)	652,073	597,530
Convertible Loans (Note 7(b))	–	6,500,627
Long-Term Liabilities (Note 8)	17,980,661	17,301,513
	20,380,399	32,406,995
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)	63,961,650	32,958,583
Equity Component of Convertible Loans (Note 7)	–	4,117,711
Deficit	(30,477,259)	(29,596,367)
	33,484,391	7,479,927
	53,864,790	39,886,922

Nature of Operations (Note 1)
Commitments and Contingent Liabilities (Notes 3 and 4)
Subsequent Events (Note 13(a), (b) and (c))

Approved by the Directors:

Director

Director

EUROZINC MINING CORPORATION

Consolidated Statements of Operations and Deficit

For the Years Ended December 31, 2003 and 2002 (Canadian $)

	2003 $	2002 $
OPERATING EXPENSES		
Operating and Administration Costs (Schedule 1)	3,723,978	4,073,262
(Gain) on Disposal of Property and Equipment	(195,458)	(252,561)
LOSS BEFORE OTHER ITEMS	3,528,520	3,820,701
Interest Income	(863)	(4,397)
Government Grants	(77,307)	–
Reorganization Costs (Note 3(a))	–	380,805
Foreign Exchange (Gain) Loss	(2,569,458)	2,326,172
NET LOSS FOR THE YEAR	880,892	6,523,281
Deficit, Beginning of the Year	29,596,367	22,940,318
Adjustment Loss on Adoption of New Accounting Standard for Foreign Currency Translation (Note 2(d))	–	132,768
DEFICIT, END OF THE YEAR	30,477,259	29,596,367
Basic Loss Per Share (Note 2(g))	(0.01)	(0.10)
Weighted Average Number of Shares Outstanding	78,449,367	67,120,598

EUROZINC MINING CORPORATION

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2003 and 2002 (Canadian $)

	2003 $	2002 $
CASH WAS PROVIDED FROM, UTILIZED (FOR):		
OPERATING ACTIVITIES		
Net (Loss) for the Year	(880,892)	(6,523,281)
Non-Cash Items:		
Amortization of Property, Plant and Equipment	127,277	154,314
Amortization of Deferred Financing Costs	–	15,743
Bad Debt Expense	6,060	–
Common Shares Issued for Interest Expense	523,809	115,131
Interest Accretion of Convertible Loans and Long-Term Liabilities	1,896,941	2,152,638
Unrealized Foreign Exchange (Gain) Loss	(2,404,793)	2,462,016
(Gain) on Disposal of Property and Equipment	(195,458)	(252,561)
	(927,056)	(1,876,000)
Changes in Non-Cash Working Capital Accounts		
Accounts Receivable and Refundable Taxes	(577,972)	(274,638)
Prepaid Expenses and Deposits	(26,167)	63,033
Accounts Payable and Accrued Liabilities	(17,175)	583,084
Deferred Sales Contracts	72,724	–
	(1,475,646)	(1,504,521)
INVESTING ACTIVITIES		
Proceeds from Sale (Acquisition) of Property, Plant and Equipment	155,892	(6,572)
Mineral Property Expenditures	(4,428,277)	(4,487,886)
Deferred Costs	(1,076,923)	–
	(5,349,308)	(4,494,458)
FINANCING ACTIVITIES		
Shares Issued for Cash	9,676,788	1,008,370
Share Subscription Receivable	(2,790,000)	–
Capital Lease Payments	(19,141)	(16,463)
Convertible Loan Proceeds	5,177,870	4,613,645
	12,045,517	5,605,552
Increase (Decrease) in Cash and Cash Equivalents	5,220,563	(393,427)
Cash and Cash Equivalents, Beginning of the Year	310,679	704,106
Cash and Cash Equivalents, End of the Year	5,531,242	310,679
SUPPLEMENTARY DISCLOSURE		
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Common Shares Issued for Interest Payable	523,809	115,131
Common Shares Issued for Convertible Loans (Note 7)	15,568,075	–

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

EuroZinc Mining Corporation ("the Company") was formed on April 21, 1999 under the laws of the Province of British Columbia. These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred significant losses to date and has been reliant on external debt and equity financing. Also, the recoverability of amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties, and upon future profitable operation.

The ability of the Company to continue as a going concern is dependent upon obtaining the necessary financing to ensure that the Company is able to meet its liabilities and commitments as they come due and to develop and maintain profitable operations. There can be no assurance that continued financing will be available to the Company. These consolidated financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities which would be necessary should the Company be unable to continue operations.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared using Canadian generally accepted accounting principles, as summarized below.

(a) Consolidated Financial Statements

These financial statements have been prepared on a consolidated basis and include the assets, liabilities and operations of EuroZinc Mining Corporation, its 100% owned U.S. subsidiary, N.P.R. (U.S.) Inc., and its Portuguese subsidiaries, 100% owned Portuglobal-Exploracoes Mineiras, Lda., AGC Minas de Portugal, SGPS, Unipessoal, Lda., AGC Minas de Portugal, Unipessoal, Lda., and its 99.6% owned Pirites Alentejanas, S.A. All material intercompany balances and transactions have been eliminated.

(b) Mineral Properties and Depletion

The amounts shown for mineral properties represent acquisition and exploration costs, less recoveries, incurred to date and do not necessarily reflect present or future values. The Company capitalizes all acquisition, exploration and development costs on a property-by-property basis.

Mineral property sales proceeds or option payments received for exploration rights are treated as cost recoveries. They are credited first to the cost of mineral properties, and second, to deferred exploration costs with any remaining balance being credited to operations during the year received.

Management periodically reviews the carrying value of its investments in mineral properties with internal and external mining related professionals. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, the anticipated future costs of exploring, developing and operating a producing mine, the expiration term and ongoing expenses of maintaining leased mineral properties and the likelihood that the Company will continue exploration. The Company does not set a predetermined holding period for properties without proven reserves; however, properties which have not demonstrated suitable mineral concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and their carrying values are appropriate. If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the year of abandonment or in the year of determination of value.

If there has been a delay in exploration activity that extends beyond three years, the Company writes off any exploration or acquisition costs related to that property unless persuasive evidence exists to the contrary to support the carrying value as being recoverable.

The accumulated costs of properties that are developed to the stage of commercial production will be amortized to operations by unit-of-production depletion.

(c) Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are amortized using the following methods and rates:

Office Equipment	Declining Balance	20% – 30% per Annum
Mining Equipment	Straight-Line	8 – 10 Years
Vehicles	Straight-Line	5 Years
Mining Camp Equipment	Straight-Line	3 Years
Computer Software	Straight-Line	2 Years
Buildings and Equipment	Straight-Line	8 – 10 Years
Power Transmission and Distribution System	Straight-Line	8 – 10 Years

Property, plant and equipment that are currently not in use or that are under development will not be amortized until such assets are put into use.

(d) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. The accounts of integrated foreign operations, which are initially recorded in United States dollars and European Euros, have been translated into Canadian dollars as follows:

Monetary Items	At the exchange rate prevailing at the balance sheet date
Non-Monetary Items	At historical rates
Revenue and Expense Items	At the average exchange rate for the month

Amortization of assets translated at historical exchange rates is translated at the same exchange rates as the assets to which they relate.

All foreign exchange gains or losses are recognized in current operations.

Effective January 01, 2002, the Company adopted the new accounting standard recommended by the Canadian Institute of Chartered Accountants ("CICA") for the translation of foreign currencies. Foreign exchange gains and losses on long-term debt are no longer amortized over the term of the debt, but are charged to earnings in the period they arise. The Company recorded an adjustment to increase the 2002 opening deficit by $132,768, this amount being the unamortized foreign exchange loss on long-term debt as at December 31, 2001.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the assessment of recoverability of mineral properties and property, plant and equipment, the determination of the amortization period of property, plant and equipment, the estimated amount of accrued liabilities and long-term liabilities, the determination of tax bases in foreign jurisdictions, and the determination of the equity component of the convertible loans. Actual results may differ from these estimates.

(f) Share Capital

The Company records proceeds from share issuances net of commissions and issue costs. Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange on the date the agreement to issue the shares is reached.

Shares to be issued which are contingent upon future events or actions are recorded by the Company when it is reasonably determinable that the shares will be issued.

The Company has a share option plan which is described in note 9. Under this option plan, shares may not be acquired for less than their market price at the date of grant; accordingly, no compensation expense is recorded on the granting of options under this plan. Any consideration paid by option holders on the exercise of stock options is credited to share capital.

Effective January 01, 2002, the Company adopted the new CICA accounting standard for stock-based compensation and other stock-based payments which requires that all stock-based awards granted to non-employees be accounted for using the fair value method. As allowed by this accounting standard, the Company has elected to continue its current policy of not recording any compensation expense on the granting of stock options to employees and directors as the exercise price of the options are not less than the market price at the date of grant. Pro forma disclosure of the compensation expense which would have been recorded under the fair value method is disclosed in note 9.

(g) Loss per Common Share

Basic loss per share is calculated by dividing loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, loss available to common shareholders is equal to the reported loss. Because the Company is reporting a net loss, fully diluted loss per share is not calculated or presented on the consolidated statements of operations and deficit as the issuance of shares on conversion of convertible loans or the exercise of share purchase options and warrants would be anti-dilutive.

(h) Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable and refundable taxes, share subscription receivable, accounts payable and accrued liabilities, capital lease obligations and convertible loans approximates their fair value because of the short term to maturity of these instruments. The fair value of long-term liabilities is estimated to approximate their carrying values as they reflect current interest rates applicable to the Company.

(i) Convertible Loans

Convertible loans are recorded in part as debt and in part as shareholders' equity. The Company uses both the "residual valuation of equity component" and/or the "option pricing model valuation of equity component" to determine the debt and equity components of the convertible loans.

Under the residual valuation method, the debt component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the proceeds of the loan and the debt component is recorded as the equity component.

Under the option pricing model, the debt component is determined as under the residual valuation method, while the equity component is determined by using the Black-Scholes option pricing model. The debt and equity components are then adjusted on a pro rata basis such that their total equals the proceeds of the loan.

Under both methods, the debt components are accreted to their face value at maturity through a charge to interest expense over the term of the convertible loan.

(j) Deferred Costs

Deferred costs consist of direct costs related to the acquisition of new businesses and companies. Once the acquisition is completed, these costs are transferred to and included with the purchase cost. In the event the acquisition is not completed, these costs are charged to operations in the year of determination.

(k) Foreign Currency Risk

The Company operates internationally which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

(l) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences) and available loss carry forwards. Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

NOTE 3 – ACQUISITIONS

(a) Pirites Alentejanas, S.A.

On December 20, 2001, the Company acquired 75.6% of the issued and outstanding shares of Pirites Alentejanas, S.A. ("PA") from Empresa de Desenvolvimento Mineiro, SGPS, S.A. ("EDM"). The main asset of PA is the Aljustrel zinc project, located in Aljustrel, Portugal. The project includes a mining lease encompassing four sulphide deposits: St. Joao, Moinho, Algares, and Feitais, a fully developed mine and related mining facilities. Under the terms of the purchase agreement, the aggregate face value of the purchase price was, using the exchange rate at December 31, 2001, $20,940,000 (14,798,000 Euros). $1,945,735 (1,375,000 Euros) was paid on signing of the purchase agreement with the balance of $18,994,265 (13,423,000 Euros) (note 8) payable as follows:

$6,544,745 (4,625,000 Euros), bearing interest at the London Interbank Borrowing Rate ("LIBOR") and compounded annually, is payable (principal and interest) in annual installments of $2,516,624 (1,750,000 Euros) beginning twelve months after the commencement of production of the Feitais deposit; and

$12,449,520 (8,798,000 Euros), non-interest bearing, is payable, twelve months after the final payment of the $6,544,745 (4,625,000 Euros) amount, in four equal annual installments of $3,114,404 (2,199,500 Euros) and only while production of the Aljustrel project continues.

In addition, the Company is committed to pay to EDM $24,065,000 (16,965,000 Euros) under the terms of a "price participation" clause. The "price participation", which the Company is liable to EDM, is an amount equal to the amount of zinc produced and sold from PA's properties times 8% of the price per pound of zinc in excess of US$0.55, whenever the annual zinc settlement price averages over US$0.55 per pound. This price participation is payable for a period of ten years from the commencement of production of the Aljustrel project, and the base price of US$0.55 will be adjusted after five years to account for the effects of inflation. These payments will be accounted for as an increase in the cost of the acquired assets at the time the payments become due.

The transaction has been accounted for as a purchase and the assets acquired and the liabilities assumed were recorded at management's best estimate of fair value. The results of operations of PA have been included in the Company's consolidated financial statements as of the date of acquisition. The long-term liabilities associated with the purchase price have been discounted and recorded at their estimated fair (present) value (note 8). These liabilities will be accreted to their face value over the estimated term of the long-term liabilities through a charge to interest expense.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

Net Identifiable Assets Acquired:	$
Cash	405,085
Accounts Receivable	398,768
Mineral Properties	8,388,096
Property, Plant and Equipment	8,203,746
Long-Term Liabilities (note 8)	(2,031,440)
Accounts Payable	(1,437,590)
	13,926,665
Purchase Price:	
Cash Paid to Vendor	1,945,735
Long-Term Liabilities Assumed (note 8)	11,880,930
Acquisition Costs	100,000
	13,926,665

In 2002, the Company applied and received approval from the Portuguese courts to re-organize the capital structure of PA. Accordingly, the Company's ownership of PA increased from 75.6% to 99.6%. Additional acquisition costs of $108,601 were incurred and capitalized to mineral properties in 2002; reorganization costs of $380,805 were charged to operations in 2002.

(b) NPR (U.S.) Inc.
On June 06, 2001, the Company acquired 100% of N.P.R. (U.S.) Inc. ("NPR"), a Nevada registered company, from Vaaldiam Resources Ltd. ("Vaaldiam") by issuing 1,000,000 common shares of the Company with a fair value of $320,000. NPR's major asset is the Crypto zinc mineral property located in Juab County, Utah, USA. This acquisition has been accounted for by the purchase method and the total purchase price of $346,213, including acquisition costs of $26,213, has been allocated to mineral properties.

The purchase agreement also provides for an additional amount payable of $1,000,000 once financing to bring the Crypto zinc mineral property to production has been secured. This payment will be accounted for as an increase to mineral properties at the time this balance becomes due. A royalty of 1.5% of Net Smelter Return is payable to Vaaldiam upon commencement of production.

NOTE 4 – MINERAL PROPERTIES

Accumulated costs in respect of the mineral properties consist of the following:

2003	Deferred exploration costs (Schedule 2)			Acquisition costs (Schedule 2)			Total
	Balance December 31, 2002 $	Additions net of Recoveries $	Balance December 31, 2003 $	Balance December 31, 2002 $	Additions $	Balance December 31, 2003 $	Balance December 31, 2003 $
Development Projects							
Portugal							
Aljustrel Project	19,725,661	4,421,492	24,147,153	8,987,297	–	8,987,297	33,134,450
Malhadinha Concession	1,480,717	–	1,480,717	–	–	–	1,480,717
	21,206,378	4,421,492	25,627,870	8,987,297	–	8,987,297	34,615,167
Exploration Projects							
United States							
Crypto Property	9,518	6,785	16,303	346,213	–	346,213	362,516
	21,215,896	4,428,277	25,644,173	9,333,510	–	9,333,510	34,977,683

2002	Deferred exploration costs (Schedule 2)			Acquisition costs (Schedule 2)			Total
	Balance December 31, 2001 $	Additions net of Recoveries $	Balance December 31, 2002 $	Balance December 31, 2001 $	Additions $	Balance December 31, 2002 $	Balance December 31, 2002 $
Development Projects							
Portugal							
Aljustrel Project	15,300,229	4,425,432	19,725,661	8,878,696	108,601	8,987,297	28,712,958
Malhadinha Concession	1,427,691	53,026	1,480,717	–	–	–	1,480,717
	16,727,920	4,478,458	21,206,378	8,878,696	108,601	8,987,297	30,193,675
Exploration Projects							
United States							
Crypto Property	90	9,428	9,518	346,213	–	346,213	355,731
	16,728,010	4,487,886	21,215,896	9,224,909	108,601	9,333,510	30,549,406

Portugal

Aljustrel Project (Zinc)
On December 20, 2001, the Company acquired PA, which owns the Aljustrel mining lease, a fully developed mine with associated mining facilities (note 3(a)). The Company completed a positive Feasibility study on the project in June 2000 and subsequently updated the study in February 2001. The Company incurred a total of $4,421,492 in exploration expenditures in 2003 (2002 – $4,425,432).

Malhadinha Concession (Zinc)
Malhadinha is an exploration concession, granted on October 01, 1999, which comprises what were formerly two separate concessions, Estação and Malhadinha. The concession surrounds the Aljustrel mining lease. The term of the concession was two years with the right to renew on an annual basis for up to three years. At the end of each renewal year, the Company must reduce the concession by 50% and submit a new work program. The Company completed its fourth year of exploration on September 30, 2003, having met its work commitments to date, and has received approval to extend the concession to September 30, 2004.

United States

Crypto Property (Zinc)
The Crypto property, located in Juab County, Utah, is comprised of 40 unpatented claims and 14 patented claims, totaling approximately 963 acres (note 3(b)).

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

2003	Cost $	Accumulated amortization $	Net book value $
Office Equipment	329,273	229,739	99,534
Mining Equipment	1,157,628	20,325	1,137,303
Vehicles	462,732	223,035	239,697
Computer Software	24,250	23,961	289
Buildings and Equipment	6,374,363	–	6,374,363
Power Transmission and Distribution System	177,539	–	177,539
	8,525,785	497,060	8,028,725
2002	$	$	$
Office Equipment	319,089	193,857	125,232
Mining Equipment	1,164,083	20,043	1,144,040
Vehicles	507,353	176,568	330,785
Computer Software	24,250	23,672	578
Buildings and Equipment	6,386,525	–	6,386,525
Power Transmission and Distribution System	177,539	–	177,539
	8,578,839	414,140	8,164,699

NOTE 6 – DEFERRED SALES CONTRACTS

The Company's Portuguese subsidiary, PA, has entered into sales contracts (as vendor) with certain employees (as purchasers), whereby PA has agreed to sell certain residential housing units to the purchasers. Title to the housing units is transferred from PA to the purchasers upon receipt of the final payment pursuant to the contract. Upon transfer of title, PA records the sale and resultant gain or loss on the disposition of the property. As at December 31, 2003, PA has received amounts totaling $869,431 (2002 – $796,707) pursuant to such agreements relating to housing units whose title has yet to be transferred to the purchasers.

NOTE 7 – CONVERTIBLE LOANS

The Company had two convertible loan facilities with Resource Capital Fund ("RCF"), a venture capital firm based in Denver, Colorado and the majority shareholder of the Company. Under the terms of the two loan facilities, RCF had the option to convert all or any portion of the loans outstanding into common shares of the Company. In December 2003, RCF converted the two loans with carrying values totaling $15,568,075 (face value of US$12,659,235 based on pre-agreed fixed exchange rates) into 133,496,040 common shares of the Company. As a result of the loan conversions, the equity portion of the convertible loans, $5,234,395, was charged to share capital.

(a) US$4,000,000 Convertible Loan

Terms of this US$4,000,000 convertible loan, drawn in 1999 and 2000 and originally entered into in April 1999, were amended in October 2002. Under the terms of the amended agreement, the loan became due on December 31, 2003 and was convertible into common shares of the Company at Cdn$0.25 on the first US$2,000,000 and Cdn$0.33 on the remaining US$2,000,000. Conversion into common shares was based on a fixed exchange rate of Cdn$1.48 for US$1.

This convertible loan bore interest at LIBOR plus 1.5% per annum, compounded monthly and was secured by a general security agreement on all of the tangible and intangible assets of the Company. Interest was payable semi-annually with the principal due on December 31, 2003. Interest on the convertible loan was payable in either cash or common shares, the number of which was calculated based on the average daily price of the shares for the ten trading days preceding the interest payment. In 2003, the Company issued 3,247,633 common shares as payment for $495,047 in interest payable (2002 – 795,651 common shares were issued for $115,131 in interest payable). To December 31, 2003, the Company issued a cumulative total of 6,469,102 common shares as payment for $1,321,805 in interest expense.

The equity value of the conversion feature of this convertible loan was estimated at $2,160,421 and was included as a separate component of shareholders' equity. The equity value was calculated using the "residual valuation of equity component" method and is the difference between the loan proceeds received and the fair value of the loan which was determined based on its present value using a discount rate of 15%.

This convertible loan was accreted to its face value at maturity over the term of the debt through a charge to interest expense. Interest expense relating to the accretion of this convertible loan totalled $Nil in 2003 (2002 – $861,677) as it had been completely accreted by 2002.

In December 2003, RCF converted this $5,316,000 loan (US$4,000,000 based on the pre-agreed fixed exchange rate) into 20,844,736 common shares of the Company.

(b) US$8,659,235 Convertible Loan

This convertible loan was for a total of US$8,659,235, of which US$2,109,235, US$2,950,000 and US$3,600,000 were drawn by the Company in 2001, 2002, and 2003, respectively, and was due on December 31, 2004. Under the terms of the loan agreement, varying amounts of the loan were convertible into common shares of the Company at varying conversion prices. The conversion prices ranged from Cdn$0.10 to Cdn$0.20 and were pre-determined based on the date of the loan advances. Conversions into common shares were also based on fixed exchange rates ranging from Cdn$1.36 to Cdn$1.57 for US$1.

This convertible loan bore interest at LIBOR plus 3.0% per annum, compounded quarterly and was secured by a general security agreement on all of the tangible and intangible assets of the Company. Interest was payable semi-annually with the principal due on December 31, 2004. Interest on the convertible loan was payable in either cash or common shares, the number of which was calculated based on the average daily price of the shares for the ten trading days preceding the interest payment. In 2003, the Company issued 115,015 common shares as payment for $28,762 in interest payable (2002 – nil).

The total equity value of the conversion feature of this convertible loan was estimated at $3,073,974 and was included as a separate component of the shareholders' equity. The equity value on the advances received in 2001, $528,213, was calculated using the Black-Scholes option pricing model assuming an expected stock price volatility of 60%, a risk-free interest rate of 4%, expected life of options ranging from 2.00 years to 2.25 years and expected dividend yield of 0%. The equity value of the convertible loan on the advances received in 2002, $1,429,077, was calculated using the "residual valuation of equity component" method and is the difference between the loan proceeds received and the fair value of the advances which was determined based on its present value using a discount rate of 15%. The equity value of the convertible loan on the advances received in 2003, $1,116,684, was also calculated using the "residual valuation of equity component" method using a discount rate of 15%.

This convertible loan was being accreted to its face value at maturity over the term of the debt through a charge to interest expense. Interest expense relating to the accretion of this convertible loan totalled $1,042,869 in 2003 (2002 – $477,057) and has been charged to operations.

In December 2003, RCF converted this loan with a carrying value of $10,252,075 (face value of US$8,659,235 based on the pre-agreed fixed exchange rates) into 112,651,304 common shares of the Company.

NOTE 8 – LONG-TERM LIABILITIES

	Face Value			Recorded Value (Cdn$)		
	Euros	Cdn$ (At the exchange rate at December 31, 2003)	Balance December 31, 2002	Interest Expense (Actual and On Accretion of Long-Term Payables)	Foreign Exchange Gain	Balance December 31, 2003
To EDM – Outstanding Debt on Acquisition of PA (note 3(a))						
Interest Bearing Debt – Principal and Interest (1)	4,742,138	7,720,201	7,747,897	103,338	(131,034)	7,720,201
Non-Interest Bearing Debt (2)	8,798,000	14,323,144	6,938,297	618,656	(102,386)	7,454,567
To Other Creditors – Payables Assumed on Acquisition of PA (3)	2,951,280	4,804,684	2,615,319	235,416	(44,842)	2,805,893
	16,491,418	26,848,029	17,301,513	957,410	(278,262)	17,980,661

(1) $7,720,201 (4,742,138 Euros), bearing interest at the LIBOR and compounded annually, is payable (principal and interest) in annual installments of $2,849,000 (1,750,000 Euros) beginning twelve months after the commencement of production of the Feitais deposit (note 3(a)). As the debt is interest bearing, the recorded value is the same as the face value. Interest expense of $103,338 has been charged to operations in 2003 (2002 – $105,466).

(2) $14,323,144 (8,798,000 Euros), non-interest bearing, is payable, twelve months after the final payment of the $7,720,201 (4,742,138 Euros), in four equal annual installments of $3,572,104 (2,199,500 Euros) and only while production of the Aljustrel project continues. The recorded value, originally calculated by discounting the estimated future cash flows by 12%, is accreted to its face value over the term of the debt through a charge to interest expense. Interest expense relating to the accretion of this long-term debt totalled $618,656 and has been charged to operations in 2003 (2002 – $605,561).

(3) The Company assumed liabilities owing to previous creditors of PA from EDM. Payment of these amounts, which are non-interest bearing, will start three years after production commences at the Aljustrel property. The payments will be paid semi-annually in equal installments over a five year period. The recorded value, originally calculated by discounting the estimated future cash flows by 12%, is accreted to its face value over the term of the debt through a charge to interest expense. Interest expense relating to the accretion of this long-term debt totalled $235,416 and has been charged to operations in 2003 (2002 – $208,343).

NOTE 9 – SHARE CAPITAL

COMMON SHARES

Authorized: 1,000,000,000 without par value (1)

Issued and Outstanding:	Number of shares	Amount $
Balance, December 31, 2001	62,051,358	31,835,082
Issued during the year ended December 31, 2002:		
For cash on Rights Offering, net of issue costs of $101,554	7,399,493	1,008,370
For interest payable (note 7(a))	795,651	115,131
Balance, December 31, 2002	70,246,502	32,958,583
Issued during the year ended December 31, 2003:		
For cash		
Private Placement, net of commissions and issue costs of $933,962 (2)	38,479,000	8,685,788
Exercise of stock options	460,000	46,000
Exercise of share purchase warrants	9,450,000	945,000
For debt		
Interest payable (note 7(a) and (b))	3,362,648	523,809
US$4,000,000 convertible loan (note 7(a))	20,844,736	5,316,000
US$8,659,235 convertible loan (note 7(b))	112,651,304	10,252,075
Equity component of convertible loans	–	5,234,395
Balance, December 31, 2003	255,494,190	63,961,650

(1) On June 18, 2003, the Company passed a special resolution increasing the authorized share capital of the Company from 200,000,000 to 1,000,000,000 common shares without par value.

(2) In December 2003, the Company closed a brokered private placement of 38,479,000 units at a price o $0.25 per unit for gross proceeds of $9,619,750 ($2,790,000 was received on January 07, 2004). Each unit consists of one common share and one-half share purchase warrant. One warrant entitles the holder to acquire one common share at a price of $0.40 per share (see Share Purchase Warrants). The Company paid a cash commission of 7%, $673,383, and issued 3,847,900 Agent's options to the Agents. Each Agent's option entitles the holder to purchase one unit, consisting of one common share and one-half share purchase warrant, for $0.25 per unit (see Agent's Options). The Company also incurred share issue costs totaling $260,579.

SHARE PURCHASE OPTIONS

	Number of options	Weighted average exercise price
Balance, December 31, 2001	6,245,575	0.35
Granted	5,460,000	0.10
Expired	(335,000)	0.36
Cancelled	(3,373,070)	0.37
Balance, December 31, 2002	7,997,505	0.17
Exercised	(460,000)	0.10
Expired	(1,127,500)	0.38
Balance, December 31, 2003	6,410,005	0.14

At December 31, 2003, the Company has the following options outstanding:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$0.10 to $0.36	6,410,005	3.56 years	0.14	6,410,005	0.14

The options outstanding at December 31, 2003 will expire between December 17, 2004 and December 10, 2007.

As described in note 2(f), the Company does not use the fair value method of accounting for share option granted to employees and directors. Had the Company followed the fair value method of accounting, the Company would have recorded a compensation expense of $407,900 in 2002 with respect to its employee and director share options. The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model assuming a risk-free interest rate of 4.0%; dividend yield of 0%; a stock price volatility of 97%; and an expected life of the options of 5 years. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Pro forma information regarding net loss and loss per share had the Company accounted for its employee stock options under the fair value method are as follows (no options were granted in 2003):

	2002 $
Net Loss as Reported	6,523,281
Compensation Expense	407,900
Pro Forma Loss	6,931,181
Pro Forma Loss per Common Share, Basic and Diluted	0.10

SHARE PURCHASE WARRANTS	Number of warrants	Purchase price per share
Balance, December 31, 2001	5,465,669	0.40 – 0.45
Issued (1)	6,964,984	0.10 – 0.25
Cancelled	(5,465,669)	0.40 – 0.45
Balance, December 31, 2002	6,964,984	0.10 – 0.25
Issued (2)	24,689,500	0.10 – 0.40
Exercised	(9,450,000)	0.10
Expired	(2,964,984)	0.25
Balance, December 31, 2003 (3)	19,239,500	0.40

(1) Issued to RCF for amending the terms of the US$4,000,000 convertible loan and for providing US$2,950,000 in convertible loans in 2002.

(2) Issued 5,450,000 to RCF for providing US$3,600,000 in convertible loans in 2003; issued 19,239,500 to investors relating to the December private placement.

(3) 13,239,500 share purchase warrants will expire on June 18, 2005 and 6,000,000 on July 05, 2005.

AGENT'S OPTIONS	Number of options	Exercise price per share
Balance, December 31, 2001 and 2002	–	–
Issued (1)	3,847,900	0.25
Balance, December 31, 2003	3,847,900	0.25

(1) One Agent's option entitles the holder to purchase one unit, consisting of one common share of the Company and one-half share purchase warrant, at a price of $0.25 per unit. 2,647,900 Agent's options will expire on June 18, 2005 and 1,200,000 on July 05, 2005. Once exercised, one share purchase warrant entitles the holder to acquire one common share at a price of $0.40. The share purchase warrants have the same expiry date as the Agent's options.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Company had the following transactions with related parties:

	2003 $	2002 $
Consulting and Management Fees Consulting and management fees paid to a Director, and a company controlled by the President of the Company as compensation for services performed.	477,691	237,798
Rent Expense Rent expense is net of those charged to a company, some of whose directors and shareholders are also directors and shareholders of the Company.	14,898	6,000

NOTE 11 – INCOME TAXES

The Company operates in a specialized industry and in several tax jurisdictions; accordingly, its operations are subject to varying rates of taxation.

The Company has not recognized the benefits of the non-capital tax loss carry forward balances; accordingly, no income tax recovery has been recorded in any of the two years ended December 31, 2003. The future income tax assets and liabilities are calculated at the substantively enacted rates in Canada and Portugal of 39.6% and 30.0%, respectively.

Future income taxes are determined as follows:

	2003 $	2002 $
Future income tax assets:		
Tax benefit of losses carried forward	23,311,842	30,069,909
Tax value in excess of net book value	7,752,874	7,033,268
Resource pools	2,861,504	2,861,504
Others	111,027	108,538
	34,037,247	40,073,219
Valuation allowance	(23,632,686)	(31,194,912)
	10,404,561	8,878,307
Future income tax liabilities on Portuguese entities:		
Resource properties	(10,404,561)	(8,878,307)
Net future income tax	–	–

The Company has non-capital losses of $8,893,828 in Canada and $65,941,700 in Portugal available for carry-forward to offset future taxable income. No future benefit for these losses has been recognized in these consolidated financial statements. The losses expire as follows:

Year	Canada $	Portugal $
2004	767,630	24,499,262
2005	474,824	16,910,979
2006	1,230,649	12,066,706
2007	2,016,366	3,948,788
2008	2,215,486	2,957,594
2009	315,737	5,558,371
2010	1,873,136	–
	8,893,828	65,941,700

The Company also has Canadian and foreign resource tax pools totaling, respectively, $2,470,175 and $4,755,844. These tax pools do not expire.

NOTE 12 – SEGMENTED INFORMATION

In the opinion of management, the Company operates in one industry segment, being the exploration of mineral properties. Management of the Company makes decisions about allocating resources based on the one operating segment. A geographic summary of mineral properties and property, plant and equipment by country is as follows:

	Portugal		United States		Canada		Total	
	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $
Mineral Properties	34,615,167	30,193,675	362,516	355,731	–	–	34,977,683	30,549,406
Property, Plant and Equipment	8,005,934	8,138,015	–	–	22,791	26,684	8,028,725	8,164,699
	42,621,101	38,331,690	362,516	355,731	22,791	26,684	43,006,408	38,714,105

NOTE 13 – SUBSEQUENT EVENTS

(a) Private Placement

On February 06, 2004, the Company closed a brokered private placement of 75,000,000 special warrants at a price of $0.40 per warrant for gross proceeds of $30,000,000. Each special warrant is convertible into one common share at no additional cost and one-half share purchase warrant. One share purchase warrant is exercisable for one common share at $0.50 per share in the first year and at $0.75 in the second year. The Company paid a cash commission of 6.5%, $1,950,000, and issued 5,250,000 Agent's options to the Agents. Each Agent's option entitles the holder to purchase one special warrant, as described above, for $0.40 per special warrant. The Agent's options expire on August 06, 2005.

Under the terms of the private placement, the proceeds from the private placement were held in escrow, and were not released to the Company until February 24, 2004, after the Company was notified that it was selected as the winning bidder for the Neves Corvo mine (note 13(b)).

(b) Acquisition – Sociedade Mineira de Neves Corvo, S.A. ("Somincor")
On March 04, 2004, the Company entered into an agreement ("the Agreement") allowing for the 100% acquisition of Somincor from EDM and Rio Tinto Group ("RTZ"). The major asset held by Somincor is the Neves Corvo copper mine, located in Neves Corvo, Portugal. The mine has been in production since 1989.

Under the terms of the Agreement, EuroZinc will pay (all amounts based on the exchange rate of March 04, 2004) $208,640,000 (128,000,000 Euros) for all of the issued and outstanding shares of Somincor. Additionally, the Company will assume all liabilities of Somincor, of which approximately $45,000,000 (27,600,000 Euros) will be payable on closing. Also under a "price participation" clause in the Agreement, for a period of four years, EDM and RTZ will share equally with the Company, the marginal revenue from the sale of copper when the average price of copper, calculated quarterly, exceeds US$0.90 per pound for year one and US$0.95 per pound for years two, three and four.

To the Auditors' Report date, the Company has paid a non-refundable deposit of $16,300,000 (10,000,000 Euros) to be applied against the purchase price. The balance of the purchase price, $192,340,000 (118,000,000 Euros), along with the debt repayments are due within 90 days after the signing of the Agreement, being June 02, 2004. To December 31, 2003, the Company has incurred $1,076,923 in costs related to this acquisition.

(c) Private Placement
On April 05, 2004, the Company closed a brokered private placement of 126,627,000 special warrants at a price of $0.60 per warrant for gross proceeds of $75,976,200. Each special warrant is convertible into one common share at no additional cost. The Company paid a cash commission of approximately 6.18%, $4,693,572 to the Agents.

The special warrants will expire on the date that is the earlier of: (i) the date that is four months and one day after April 05, 2004; and (ii) the third business day after the date a receipt is issued by the last of the appropriate securities regulators in Canada for a final short form prospectus qualifying the distribution of common shares upon exercise of the special warrants.

Under the terms of the private placement, the proceeds from the private placement will be placed in escrow, and will be released only on the closing of the acquisition of Somincor (note 13(b)).

Schedule 1 – Consolidated Operating and Administration Costs

For the Years Ended December 31, 2003 and 2002 (Canadian $)

	2003 $	2002 $
Accounting, Auditing and Legal	174,325	164,106
Amortization	127,277	154,314
Bad Debt Expenses	6,060	–
Consulting Fees	11,970	125,593
Insurance	41,296	31,413
Filing and Transfer Agent Fees	67,213	24,066
Interest Paid or Payable on Convertible Loans and Long-Term Liabilities	741,269	717,974
Interest on Accretion of Convertible Loans and Long-Term Liabilities	1,896,941	2,152,638
Investor Relations	36,000	71,407
Management Fees	176,265	124,605
Office	55,523	70,541
Printing	52,027	46,287
Rent	23,994	23,207
Travel	73,290	109,431
Wages	253,360	263,576
	3,736,810	4,079,158
Less: Costs Recovered	(12,832)	(5,896)
	3,723,978	4,073,262

Schedule 2 – Consolidated Deferred Acquisition and Exploration Expenses

For the Years Ended December 31, 2003 and 2002 (Canadian $)

	Aljustrel $	Malhadinha $	Other $	Total $
2003				
Exploration Costs, Beginning of Year	19,725,661	1,480,717	9,518	21,215,896
Exploration Costs:				
Drilling	–	–	–	–
Electricity	477,344	–	–	477,344
Engineering	155,556	–	–	155,556
Environmental and Geotechnical	31,253	–	–	31,253
Equipment Maintenance	142,718	–	–	142,718
Geology	174,098	–	–	174,098
Materials and Supplies	435,151	–	–	435,151
Project Salaries	616,766	–	–	616,766
Property and Miscellaneous Taxes	103,463	–	6,785	110,248
Security	243,018	–	–	243,018
Site Office	382,054	–	–	382,054
Wages	1,660,071	–	–	1,660,071
	4,421,492	–	6,785	4,428,277
Exploration Costs, End of Year	24,147,153	1,480,717	16,303	25,644,173
Acquisition Costs, Beginning and End of Year	8,987,297	–	346,213	9,333,510
Acquisition and Exploration Costs, End of Year	33,134,450	1,480,717	362,516	34,977,683
2002				
Exploration Costs, Beginning of Year	15,300,229	1,427,691	90	16,728,010
Exploration Costs:				
Drilling	–	45,702	–	45,702
Electricity	460,656	–	–	460,656
Engineering	223,689	–	–	223,689
Environmental and Geotechnical	29,580	–	–	29,580
Equipment Maintenance	204,126	–	–	204,126
Geology	155,755	–	1,830	157,585
Materials and Supplies	428,745	–	–	428,745
Project Salaries	643,990	–	–	643,990
Property and Miscellaneous Taxes	80,778	–	7,598	88,376
Security	187,250	–	–	187,250
Site Office	533,935	7,324	–	541,259
Wages	1,476,928	–	–	1,476,928
	4,425,432	53,026	9,428	4,487,886
Exploration Costs, End of Year	19,725,661	1,480,717	9,518	21,215,896
Acquisition Costs, Beginning of Year	8,878,696	–	346,213	9,224,909
Acquisition During the Year (Note 3(a))	108,601	–	–	108,601
Acquisition and Exploration Costs, End of Year	28,712,958	1,480,717	355,731	30,549,406

Corporate Information

DIRECTORS

J. Edward Fletcher
Chairman of the Board
Former Chief Operating Officer of Cominco Ltd.
Vancouver, British Columbia

John A. Greig
Chairman of Cumberland Resources Ltd.
Vancouver, British Columbia

David F. Mullen
President of HSBC Capital Canada Inc.
Vancouver, British Columbia

Christian Bué
Former Executive of the Metaleurop Group and former Group-Chairman of the Int. Zinc Assoc.
Paris, France

Graham E. Mascall
Former Executive of Billiton and BHP Billiton
London, England

Ryan T. Bennett
Principal of Resource Capital Funds
Denver, Colorado

Alvin W. Jackson
President & Chief Operating Officer
Vancouver, British Columbia

Ronald S. Simkus
Former President and CEO of Compania Minera Antamina and former President and General Manager Highland Valley Copper

John G. Shanahan
Former commodities sales and trading with Barclays Capital and Rothchild Inc.

MANAGEMENT

Alvin W. Jackson
President & Chief Operating Officer

Ronald A. Ewing
Executive Vice-President & Chief Financial Officer

James S. Drake
General Manager-Portugal & President of Pirites Alentejanas, S.A.

Kenneth G. Lowe
Vice-President & Comptroller &
Vice-President of Pirites Alentejanas, S.A.

Adriano F. Barros
Vice-President, Business Development–Portugal & Director of Pirites Alentejanas, S.A.

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SHARES LISTED
TSX Venture Exchange
Symbol – EZM

SHARE CAPITALIZATION
Shares Outstanding: 332,040,970
Shares Fully Diluted: 538,090,545

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ANNUAL GENERAL MEETING
June 23, 2004 at 2:00 pm.
Marriott Vancouver Pinnacle
1128 West Hastings Street
Vancouver, B.C. V6E 4R5

Neves Corvo rail concentrate containers

EuroZinc

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